

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 PM-04 H-02 INR-07 L-03 NSAE-00

NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06 SAM-01 AID-05

SIL-01 CU-02 TRSE-00 OMB-01 SCCT-01 /070 W

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P R 180904Z AUG 76
FM AMEMBASSY LISBON
TO SECSTATE WASHDC PRIORITY 8244
INFO AMEMBASSY BONN
AMEMBASSY LONDON
AMEMBASSY MADRID
/AMEMBASSY MOSCOW 1347
AMCONSUL OPORTO
AMEMBASSY PARIS
AMCONSUL PONTA DELGADA
/USMISSION NATO 2567
DIA WASHDC
USCINCEUR VAIHINGEN GER

C O N F I D E N T I A L SECTION 1 OF 2 LISBON 5613

E.O. 11652: GDS
TAGS: PGOV, PO
SUBJ: CONVERSATION WITH PRIME MINISTER SOARES ON
POLITICAL DEVELOPMENTS

REFS: (A) LISBON 5557 (DTG 161616Z AUG 76); (B) LISBON
5504 (DTG 121710Z AUG 76); (C) LISBON 5534
(DTG 131554Z AUG 76); (D) LISBON 5463 (DTG 111727Z
AUG 76)

SUMMARY: IN A PRIVATE MEETING AUGUST 17 SOARES EXUDED
CONFIDENCE THAT HIS GOVERNMENT WAS OFF TO A GOOD START.
THE ATMOSPHERE IN THE ASSEMBLY WAS FAVORABLE; THE PPD HAD
COOPERATED; AND THE PCP HAD BEEN PUT ON THE DEFENSIVE AND
WAS DIVIDED ON TACTICS. ON THE NEGATIVE SIDE THERE WAS
FRICTION WITH THE MILITARY; AN EFFORT WAS BEING MADE
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BY THE PCP TO EXPLOIT RECENT TERRORIST ARRESTS: AND

THE COMMUNISTS CONTINUED TO DOMINATE ATHLETIC EXCHANGES. DESPITE THESE PROBLEMS THE SOCIALISTS HAD GENEREATED SUBSTANTIAL SUPPORT, A HOUSECLEANING WAS UNDERWAY, AND THERE WAS EVERY SIGN THAT THE GOVERNMENT COULD RULE EFFECTIVELY UNTIL THE MUNICIPAL ELECTIONS. IF THE SOCIALISTS WON THESE ELECTIONS, THEY COULD CONTINUE IN POWER THROUGH THE LIFE OF THE ASSEMBLY -- DUE TO END IN 1980. END SUMMARY

1. YESTERDAY, AUGUST 17, I SPENT AN HOUR ALONE WITH MARIO SOARES. ALTHOUGH VISIT WAS AT MY REQUEST, WE HAD RECEIVED WORD INFORMALLY FROM HIS OFFICE THAT HE WOULD LIKE ME TO CALL. CONSIDERABLE PUBLICITY WAS GIVEN TO THE VISIT. MOST OF THE TIME WAS SPENT REVIEWING THE AID PROGRAM, DURING WHICH I URGED STRONGER INTER-MINISTERIAL COORDINATION AND GREATER FOCUS ON RURAL AREAS. SOARES AGREED ON BOTH COUNTS AND SAID HE WOULD ISSUE APPROPRIATE INSTRUCTIONS.

2. AT END OF SESSION SOARES VOLUNTEERED HIS VIEWS ON RECENT POLITICAL DEVELOPMENTS. THE PCP, HE SAID, HAD BEEN DIVIDED OVER WHETHER TO OFFER A MOTION OF REJECTION ON THE GOVERNMENT'S PROGRAM. CUNHAL'S FINAL SPEECH WAS ORIENTED TOWARD SUCH A MOTION BUT HE DID NOT MAKE IT, APPARENTLY BECAUSE HE HAD ENCOUNTERED OPPOSITION WITH THE PARTY. SOARES HAD NOT INTENDED TO MAKE A STRONG ATTACK ON THE PCP BUT AFTER CUNHAL'S SPEECH SOARES HAD NO CHOICE (REF A). OTHERWISE "THE PEOPLE WOULD THINK THE COMMUNISTS ARE STILL RUNNING THE COUNTRY." AS BEST HE COULD TELL THE PUBLIC HAD REACTED WELL TO HIS ATTACK ON THE PCP, AND THE COMMUNISTS WERE SPLIT AND ON THE DEFENSIVE. I TOLD HIM I HAD HEARD FAVORABLE COMMENTS ON HIS SPEECH.

3. SOARES SAID THE GOVERNMENT INTENDED TO MOVE RAPIDLY TO CLEAN OUT THE COMMUNISTS, AND MENTIONED PARTICULARLY THE MINISTRY OF EDUCATION. (EDUCATION MINISTER SOTTOMAYOR CARDIA TOLD ME AUGUST 13 HE HAD ALREADY FIRED FOUR OF THE TOP PEOPLE IN HIS MINISTRY.) IN THE LABOR AREA SOARES WAS APPOINTING

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PELAGIO MADUREIRA AS HIS SPECIAL ASSISTANT AND HOPED WE WOULD CONTINUE OUR CLOSE CONTACT WITH HIM. THE GOVERNMENT INTENDED TO FOLLOW THROUGH ON MODIFICATIONS PROMISED IN THE PROGRAM TO CRIPPLING LABOR REGULATIONS AND DECREES PROMULGATED BY THE VASCO GONCALVES GOVERNMENT. POPULAR DEMOCRATIC PARTY LEADER SA CARNEIRO HAD CHANGED CONSIDERABLY; SOARES NOW SAW ENHANCED PROSPECTS FOR COLLABORATION BETWEEN THE PPD

AND THE SOCIALISTS.

4. WHILE THESE SIGNS WERE ALL FAVORABLE, SOARES SAW SOME ROUGH SPOTS. ONE WAS THE FRICTION WITHIN THE MILITARY ESTABLISHMENT WHERE THE "POLITICALS" WERE HAVING TROUBLE WITHDRAWING FROM POWER. THE MELO ANTUNES GROUP WAS EXERTING PRESSURES ON THE PRESIDENT. BUT THE CHANGES IN THE REVOLUTIONARY COUNCIL WERE ON BALANCE A SETBACK FOR THE "POLITICALS" SINCE THE REGIONAL COMMANDS WERE MORE IMPORTANT THAN RC MEMBERSHIP (REF B). THESE REGIONAL COMMANDS WOULD BECOME PIVOTAL WHEN THE GOVERNMENT LAUNCHED ITS FORTHCOMING OFFENSIVE IN THE SOUTHERN REGION, -- I.E. THE RURAL BASE OF THE COMMUNIST PARTY.

5. ANOTHER PROBLEM AREA WAS SPORTS. MONEY FROM THE USSR AND EAST GERMANY NOT ONLY CAME IN THROUGH THE PCP; IT WAS ALSO CHanneled THROUGH SPORTS GROUPS IN AN EFFORT TO REORIENT PORTUGAL'S ATHLETIC ACTIVITIES TOWARDS THE EAST. THE GOVERNMENT WOULD ATTEMPT TO BALANCE THIS THROUGH ADDITIONAL CONTACTS WITH THE WEST. SOARES ASKED IF IT WOULD BE POSSIBLE TO HAVE A US TEAM VISIT PORTUGAL. I MENTIONED A BASKETBALL TEAM, BUT HE SAID SOCCER WOULD BE PREFERABLE IF POSSIBLE.

6. SOARES SAID THE COMMUNISTS WERE ALSO EXPLOITING RECENT ARRESTS OF TERRORISTS (REF C AND D). THE MILITARY'S JUDICIARY POLICE HAD AN ACTIVE COMMUNIST CELL WHICH WAS ATTEMPTING TO LINK THE TERRORISTS WITH THOSE RESPONSIBLE FOR PUTTING DOWN THE NOVEMBER 1975 COUP ATTEMPT. ADDED TO THIS WAS THE IMPROVIDENT RETURN OF SPINOLA, WHICH HAD PLAYED INTO THE HANDS OF THE COMMUNISTS. CONFIDENTIAL

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SPINOLA'S RETURN HAD CREATED A MINI CRISIS BUT THE SITUATION WAS NOW UNDER CONTROL.

7. DESPITE THESE PROBLEM AND DESPITE CONTINUING ECONOMIC DIFFICULTIES, SOARES FELT CONFIDENT THE GOVERNMENT WAS OFF TO A GOOD START. IT HAD BUILD UP SUFFICIENT POLITICAL CAPITAL TO FUNCTION EFFECTIVELY THROUGH THE MUNICIPAL ELECTIONS TO BE HELD AT THE END OF THE YEAR. IF THE SOCIALISTS WON SOARES WAS OPTIMISTIC THAT THEY COULD CONTINUE IN OFFICE THROUGH THE END OF THE CURRENT LEGISLATURE -- OCTOBER 1980.

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SIL-01 CU-02 TRSE-00 OMB-01 SCCT-01 /070 W

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C O N F I D E N T I A L SECTION 2 OF 2 LISBON 5613

CONVERSATION WITH PRIME MINISTER SOARES

8. COMMENT: SOARES WAS FEELING UNDERSTANDABLY GOOD ABOUT HIS GOVERNMENT'S FIRST WEEKS: IN THE PARLIAMENT, DESPITE WIDELY-CIRCULATED FEARS RE SOCIALISTS MINORITY STATUS, HIS PARTY AND MINISTERS HAVE BEEN COHESIVE, ALTHOUGH NOT UNIFORMLY EFFECTIVE, AND THE OPPOSITION TO THEIR LEFT AND RIGHT HAS BEEN HESITANT AND DIVIDED. THIS SOCIALIST DOMINANCE OF THE PARLIAMENT COULD CONTINUE, PARTICULARLY IF PERSONAL RELATIONS BETWEEN SOARES AND SA CARNEIRO REMAIN GOOD. I URGED SOARES TO CONTINUE TO MEET REGULARLY WITH SA CARNEIRO SINCE THE PERSONAL CONTACT APPARENTLY WAS WHAT HAD BROUGHT ABOUT A RAPPROCHEMENT BETWEEN THE TWO.

9. OUTSIDE OF THE PARLIAMENT, HOWEVER, THE SOARES

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GOVERNMENT HAS, AND WILL HAVE, CONSIDERABLY MORE DIFFICULT PROBLEMS. THE MILITARY FRICTION IS WORRISOME ALTHOUGH THIS IS MORE IN EANES' AREA THAT SOARES'; THE ECONOMIC PROGRAM REMAINS VAGUE -- ALTHOUGH SOARES CONFIRMED HIS GOVERNMENT IS NOW WORKING ON SPECIFIC MEASURES; AND THE INITIAL STEPS IN THE LABOR AREA HAVE BEEN QUALIFIED BY AMBIGUOUS STATEMENTS BY LABOR MINISTER CURTO. THE MADUREIRA APPOINTMENT SHOULD BE HELPFUL IN HOLDING CURTO'S FEET TO THE FIRE. SOARES' INTEREST IN THE SPORTS AREA HAD BEEN VISIBLY DEMONSTRATED BY A SERIES OF MEETINGS BETWEEN HIM AND PROMINENT SOCCER CLUBS; HE RECEIVED PORTUGAL'S OLYMPIC TEAM ON ITS RETURN. WE WILL SUBMIT OUR RECOMMENDATIONS ON THIS SUBJECT BY SEPTTEL.

10. 1980 IS STILL A LONG WAY OFF AND THERE ARE A LOT OF PESSIMISTS IN LISBON THESE DAYS. THE GOVERNMENT AND THE PROGRAM ARE BY NO MEANS EVERYTHING WE COULD HOPE FOR, BUT SOARES DOES DESERVE HIGH MARKS FOR HIS INITIAL PERFORMANCE. HE ALSO DESERVES HIGH MARKS FOR HIS FORTHRIGHT PRO-WESTERN, AND PRO-US, STAND AND FOR TAKING ON THE PCP HEAD ON. I COULD NOT HELP BUT MENTION TO HIM THAT OUR CONVERSATION TODAY (AUGUST 17) WAS A FAR CRY FROM THE CONVERSATIONS I USED TO HAVE A YEAR AGO IN THE SAME OFFICE WITH VASCO GONCALVES.

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: DIPLOMATIC DISCUSSIONS, POLITICAL SITUATION, MEETING REPORTS
Control Number: n/a
Copy: SINGLE
Draft Date: 18 AUG 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: ShawDG
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976LISBON05613
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: DG ALTERED PER 78 LISBON 1630
Executive Order: X1
Errors: N/A
Film Number: D760316-0866
From: LISBON
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760843/aaaablaf.tel
Line Count: 251
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 5
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 76 LISBON 5557, 76 LISBON 76
Review Action: RELEASED, APPROVED
Review Authority: ShawDG
Review Comment: n/a
Review Content Flags:
Review Date: 04 MAR 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <04 MAR 2004 by morefirh>; APPROVED <24 AUG 2004 by ShawDG>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: CONVERSTION WITH PRIME MINISTER SOARES ON POLITICAL DEVELOPMENTS
TAGS: PGOV, PO, US, (SOARES, LUCIO)
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006